

2012 -- H 7580

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LC01441
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO HUMAN SERVICES - MEDICAL ASSISTANCE

Introduced By: Representatives Gallison, San Bento, Serpa, Silva, and Blazejewski

Date Introduced: February 15, 2012

Referred To: House Finance

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 40-8-19 of the General Laws in Chapter 40-8 entitled "Medical
2 Assistance" is hereby amended to read as follows:

3 **40-8-19. Rates of payment to nursing facilities.** -- (a) Rate reform.

4 (1) The rates to be paid by the state to nursing facilities licensed pursuant to chapter 17
5 of title 23, and certified to participate in the Title XIX Medicaid program for services rendered to
6 Medicaid-eligible residents, shall be reasonable and adequate to meet the costs which must be
7 incurred by efficiently and economically operated facilities in accordance with 42 U.S.C. section
8 1396a(a)(13). The department of human services shall promulgate or modify the principles of
9 reimbursement for nursing facilities in effect as of July 1, 2011 to be consistent with the
10 provisions of this section and Title XIX, 42 U.S.C. section 1396 et seq., of the Social Security
11 Act.

12 (2) The department of human services shall review the current methodology for
13 providing Medicaid payments to nursing facilities, including other long-term care services
14 providers, and is authorized to modify the principles of reimbursement to ~~replace the current cost~~
15 ~~based methodology rates with rates based on a price based methodology to be paid to all facilities~~
16 ~~with recognition of the acuity of patients and the relative Medicaid occupancy.~~ Include the acuity
17 needs of patients as a factor in determining the reimbursement rates to nursing facilities and to
18 include the following elements:

19 (i) A direct labor cost center comprised of allowable direct care costs to be established by

1 the department, subject to a ceiling of one hundred ten percent (110%), and adjusted for resident
2 case mix.

3 (ii) An indirect care rate comprised of a base per diem for all facilities equal to ninety-
4 three and forty-eight hundredths percent (93.48%) of statewide average.

5 (iii) Rerarray of costs for all facilities in the direct labor cost center every three (3) years
6 beginning October, 2013.

7 (iv) Application of a fair rental value system to be developed by the department.

8 (v) Application of a pass through system to be developed by the department; and

9 (vi) Adjustment of costs and ceiling maximums by the increase in a recognized national
10 nursing home inflation index for the direct labor cost center and the indirect care rate for any year
11 between array years; such adjustments to be applied on October 1st of each year beginning
12 October 1, 2012.

13 ~~(3) By no later than January 1, 2012, under the direction of the Secretary of Health and~~
14 ~~Human Services, the Department of Human Services shall modify the principles of~~
15 ~~reimbursement to include the acuity needs of patients and the relative Medicaid occupancy as a~~
16 ~~factor in determining the reimbursement rates to nursing facilities.~~

17 (b) ~~Phase I~~ Implementation. - The department shall file a state plan amendment with the
18 U.S. Department of Health and Human Services on or before ~~November 1, 2014~~ July 1, 2012, to
19 modify the principles of reimbursement for nursing facilities, to be effective on ~~January 1, 2012~~
20 January 1, 2013, ~~or as soon thereafter as is authorized by an approved state plan amendment, to~~
21 ~~establish price-based payment rates for nursing facilities, recognizing patient acuity and Medicaid~~
22 ~~occupancy.~~

23 (c) The department is further directed to develop a methodology to incorporate into the
24 reimbursement methodology an incentive payment component, and a component to reflect
25 individuals with behavioral health needs, and report to the general assembly on the plan by
26 December 31st 2012.

27 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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RELATING TO HUMAN SERVICES - MEDICAL ASSISTANCE

- 1 This act would modify the reimbursements rates and payment to nursing facilities to
- 2 include the acuity needs of the patients.
- 3 This act would take effect upon passage.

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